WE CLAIM:

- A noise compensation system comprising:
 a first compander section adapted to amplify a far-end signal based on a near-end noise level estimate.
- 2. The system as in claim 1 wherein the first compander section is further adapted to reduce the amplification of low level far-end noise based on a far-end noise level estimate.
- 3. The system as in claim 1 wherein the first compander section is further adapted to vary a compression range onset point based on a total gain derived from the near-end noise level estimate and a far-end speech level.
- 4. The system as in claim 1 further comprising a first NGC gain unit adapted to vary the ratio of compensation gain increase per near-end noise increase.
- 5. The system as in claim 1 further comprising a first NGC gain unit adapted to vary the ratio of compensation gain increase per near-end noise increase based on the near-end noise level estimate.

- 6. The system as in claim 1 further comprising:

 a second compander section adapted to amplify a near end signal based on a farend noise level estimate.
- 7. The system as in claim 6 wherein the second compander section is further adapted to reduce the amplification of low-level near-end noise based on the near-end noise level estimate.
- 8. The system as in claim 6 wherein the second compander section is further adapted to vary a compression range onset point based on a total gain derived from the farend noise level estimate.
- 9. The system as in claim 6 further comprising a second NGC gain unit adapted to vary the ratio of compensation gain increase per far-end noise increase.
- 10. The system as in claim 6 further comprising a second NGC gain unit adapted to vary the ratio of compensation gain increase per far-end noise increase based on the far-end noise level estimate.
- A method of compensating for noise in a compander comprising:
 amplifying a far-end signal based on a near-end noise level estimate.
- 12. The method as in claim 11 further comprising reducing the amplification of low level far-end noise based on a far-end noise level estimate.

- 13. The method as in claim 11 further comprising varying a compression range onset point based on a total gain derived from the near-end noise level estimate and a far-end speech level.
- 14. The method as in claim 11 further comprising varying the ratio of compensation gain increase per near-end noise increase.
- 15. The method as in claim 11 further comprising varying the ratio of compensation gain increase per near-end noise increase based on the near-end noise level estimate.
- 16. The method as in claim 11 further comprising amplifying a near end signal based on a far-end noise level estimate.
- 17. The method as in claim 16 further comprising reducing the amplification of low-level near-end noise based on a near-end noise level estimate.
- 18. The method as in claim 16 further comprising varying a compression range onset point based on a total gain derived from the far-end noise level estimate.
- 19. The method as in claim 16 further comprising varying the ratio of compensation gain increase per far-end noise increase.

20. The method as in claim 11 further comprising varying the ratio of compensation gain increase per far-end noise increase based on the far-end noise level estimate.